

**REMARKS**

Claims 10, 11 and 16-26 are pending in this application. By this Amendment, claims 20, 23 and 26 are amended to better distinguish over the applied references. Reconsideration in view of the above amendments and the following remarks is respectfully requested.

Entry of the amendments is proper under 37 CFR §1.116 since the amendments: (a) place the application in condition for allowance for the reasons discussed herein; (b) do not raise any new issue requiring further search and/or consideration since the amendments amplify issues previously discussed throughout prosecution; (c) do not present any additional claims without canceling a corresponding number of finally rejected claims; and (d) place the application in better form for appeal, should an appeal be necessary. The amendments are necessary and were not earlier presented because they are made in response to arguments raised in the final rejection. Entry of the amendments is thus respectfully requested.

It is gratefully appreciated that the Office Action indicates that claims 10, 11 and 16-19 are allowed.

The Office Action rejects claims 20-25 under 35 U.S.C. §103(a) as being unpatentable over Kobayashi (U.S. Patent No. 5,767,827) in view of Matsunaga (U.S. Patent No. 5,510,918) and Kahn (U.S. Patent No. 5,056,895); and claim 26 is rejected under 35 U.S.C. §103(a) over Kobayashi in view of Matsunaga. The rejections are respectfully traversed.

In particular, neither Kobayashi nor Matsunaga, either alone or in combination, disclose or suggest a substrate for a liquid crystal panel, including at least a first passivation film formed on a periphery region, including a silicon oxide film and a silicon nitride film formed on the silicon oxide film, the periphery region having a step and a sidewall at the step, and the first periphery region covering the sidewall, as recited in independent claim 20, and similarly recited in independent claim 23.

Furthermore, neither Kobayashi nor Matsunaga, either alone or in combination, disclose or suggest a substrate for a liquid crystal panel including at least the passivation film formed by the silicon oxide film having a refractive index 1.4 to 1.6 and the insulating layer formed the silicon nitride film having a refractive index 1.9 to 2.2, are directly laminated at a space between the adjacent reflecting electrodes, as recited in independent claim 26.

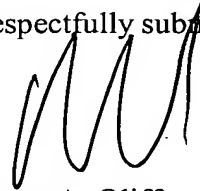
The Office Action admits that the applied references fail to disclose a laminate structure having a sidewall at a step, and a passivation film covering the sidewall of the laminate structure. See Office Action, page 7, paragraph 5. Thus, claims 20 and 23 should be allowed.

Moreover, because the applied references also fail to disclose a passivation film having a refractive index 1.4 to 1.6, and an insulating interlayer having a refractive index 1.9 to 2.2, which are directly laminated at a space between adjacent reflecting electrodes, any combination of the references would not have resulted in a device whereby reliability of the liquid crystal panel is improved along with image quality using the reflecting liquid crystal panel in a projection display device. Thus, because it would not have been obvious to combine the applied references to arrive at the claimed invention, it is respectfully requested that the rejections under 35 U.S.C. §103(b) be withdrawn.

In view of the foregoing, it is respectfully submitted that this application is in condition for allowance. Favorable reconsideration and prompt allowance of claims 20-26 are earnestly solicited.

Should the Examiner believe that anything further would be desirable in order to place this application in even better condition for allowance, the Examiner is invited to contact Applicant's attorney at the telephone number set forth below.

Respectfully submitted,



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